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NORTHERN DISTRICT OF CALIFORNIA
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C08-02735

RS

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ADR

CLAUDIA P. SIERRA and LILLIAN
SERGENTON, on behalf of
themselves and all others similarly
situated,

Plaintiffs,

vs.

FIRST FRANKLIN FINANCIAL
CORPORATION,

Defendant.

Case No.

CLASS ACTION

CLASS ACTION COMPLAINT
FOR:

1. Violations of the Equal Credit Opportunity Act; 15 U.S.C. § 1691; and
2. Violations of the Fair Housing Act; 42 U.S.C. § 3601.

JURY TRIAL DEMANDED

ORIGINAL

GO 44 SEC. 4
NOTICE OF ASSIGNMENT
TO MAGISTRATE JUDGE SENT

CLASS ACTION COMPLAINT

Plaintiffs Claudia P. Sierra and Lillian Sergenton ("Plaintiffs"), on behalf of themselves and all others similarly situated, by their undersigned attorneys, allege as follows:

1. This is a class action brought by Plaintiffs, on behalf of themselves and other similarly situated minority homeowners, against First Franklin Financial Corporation, ("Defendant" or "First Franklin"), under the Equal Credit Opportunity Act, 15 U.S.C. § 1691, et seq. ("ECOA") and the Fair Housing Act, 42 U.S.C. § 3601 et seq. Plaintiffs seek remedies for themselves and the Class (defined in ¶ 108, below) for the discriminatory effects of the Defendant's home financing policies and practices.

2. As described below, the Defendant has established a specific, identifiable and uniform credit pricing system, a component of which, referred to herein as the Discretionary Pricing Policy, authorizes unchecked, subjective surcharge of additional points and fees to an otherwise objective risk-based financing rate. In other words, after a finance rate acceptable to the Defendant is determined by objective criteria (e.g., the individual's credit history, credit score, debt-to-income ratio and loan-to-value ratios), the Defendant's credit pricing policy authorizes additional discretionary finance charges. These subjective, additional finance charges have a widespread discriminatory impact on minority applicants for home mortgage loans, in violation of ECOA and the FHA.

3. The mortgage lending industry has a long history of racial discrimination, offering minorities products and terms that are drastically worse than those given to their similarly-situated white counterparts. Recently, the Federal Reserve Board confirmed that blacks and other minorities are still more likely to pay higher prices for mortgages than whites.

4. In 2003, the National Community Reinvestment Coalition ("NCRC") released a report on credit discrimination titled, "The Broken System: Discrimination and Unequal Access to Affordable Loans by Race and Age,"¹ that indicated that consumers living in areas with more minority residents are more likely to have mortgages with interest rates higher than the "prevailing and competitive" rates, often because of discrimination in lending.

¹ This report is available at <http://ncrc.org/policy/cra/documents/ncrcdiscrimstudy.pdf>.

1 5. Loan data that mortgage lenders must now compile and disclose under the federal
2 Home Mortgage Disclosure Act ("HMDA") reveals profound loan pricing disparities between
3 minority borrowers and similarly-situated white borrowers. HMDA data for 2006 showed that
4 black and Hispanic borrowers are more likely to obtain higher-priced loans than are white
5 borrowers. The data indicated that black homeowners who received subprime mortgage loans
6 were much more likely to be issued a higher-rate loan than white borrowers with the same
7 qualifications.

8 6. In a speech last year, Martin J. Gruenberg, Vice Chairman of the Federal Deposit
9 Insurance Corporation observed that "previous studies have suggested higher-priced, subprime
10 lenders are more active in lower income, urban areas and that minority access to credit is
11 dominated by higher cost lenders."²

12 7. In 2006, the Center for Responsible Lending, a non-profit research organization,
13 uncovered "large and statistically significant" differences between the rates of subprime loans
14 offered to blacks and whites, even when income and credit risk were taken into consideration.
15 Compared to their otherwise similarly-situated white counterparts, blacks were 31-34% more
16 likely to receive higher rate fixed-rate loans and 6-15% more likely to receive adjustable-rate
17 loans.³

18 8. Subprime loans to blacks and other minorities not only impose higher interest
19 rates, they are typically laden with excessive, unreasonable and often improperly disclosed fees
20 as well. *See supra*, n.3.

21 9. These significant disparities are not mere coincidences. They are the result of a
22 systematic and discriminatory policy of targeting minority borrowers for high-cost loans.
23 Defendant's business practices include implementing and maintaining policies that discriminate
24 against minorities. Plaintiffs bring this lawsuit to seek relief from the harms suffered as a result
25 of Defendant's practices and to enjoin Defendant from continuing its discriminatory practices.

26 ² See Martin J. Gruenberg, FDIC Vice-Chairman, Address to the Conference on Hispanic
27 Immigration to the United States: Banking the Unbanked Initiatives in the U.S. (Oct. 18, 2006)
available at <http://www.fdic.gov/news/news/speeches/archives/2006/chairman/spoct1806.html>.

28 ³ See "Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages,"
available at <http://www.responsiblelending.org>.

1 10. The Defendant has established policies for retail and wholesale access to its loan
2 products that subject minority financing applicants to a significantly higher likelihood of
3 exposure to discretionary points and fees. These costs drive up the average cost of a mortgage
4 loan made by the defendant to minority homeowners.

5 11. Plaintiffs seek damages, declaratory and injunctive relief, disgorgement and
6 restitution of monies disparately obtained from minority borrowers.

7 **JURISDICTION AND VENUE**

8 12. Plaintiffs invoke the jurisdiction of this Court pursuant to 28 U.S.C. §1331, which
9 confers original jurisdiction upon this Court in a civil action arising under federal law.

10 13. Venue is proper in this Court pursuant to 28 U.S.C. 1391(b) because the
11 Defendant maintains its principal executive offices in this District and because the practices
12 complained of herein were structured and formulated in this District.

13 **PARTIES**

14 14. Plaintiff Claudia P. Sierra is a minority homeowner who resides in a
15 condominium unit at 5 Condor Street #2, East Boston, MA 02128.

16 15. Plaintiff Lillian Sergenton is a minority homeowner who resides at 5948 South
17 King Drive, Unit #3, Chicago, IL 60637.

18 16. Defendant First Franklin Financial Corporation is a mortgage lender with
19 principal executive offices located at 2150 North First Street, San Jose, CA 95131. Since being
20 acquired by Merrill Lynch in December 2006, Defendant First Franklin Financial Corporation
21 has acted as an operating subsidiary of Merrill Lynch Bank & Trust Co., F.S.B. Prior to its
22 acquisition by Merrill Lynch, Defendant First Franklin Financial Corporation was a division of
23 National City Bank of Indiana, a federally chartered bank and wholly owned subsidiary of
24 National City Corporation.

FACTS

A. MORTGAGE LENDERS HAVE A HISTORY OF DISCRIMINATION AGAINST MINORITY BORROWERS

17. According to the Joint Center for Housing Studies at Harvard University's 2005 study called "The Dual Mortgage Market: The Persistence of Discrimination in Mortgage Lending," mortgage lending discrimination today is subtle but pervasive, with minority consumers continuing to have less-than-equal access to loans at the best price and on the best terms that their credit history, income, and other individual financial considerations merit more than three decades after the enactment of national fair lending legislation.

18. The passage of civil rights legislation and fair lending laws in the 1960s and 1970s brought an end to the most virulent forms of overt racial discrimination in the housing markets, but throughout the 1980s and 1990s, mortgage lenders found more subtle ways to discriminate, including maintaining offices only in white neighborhoods and engaging in practices such as redlining (refusing to lend on properties in predominantly minority neighborhoods).

19. After such redlining practices were challenged in the 1990s, mortgage lenders changed tactics once again, making loans to minorities, but charging higher interest rates and loan-related fees than they charged to similarly situated white borrowers.

20. As noted above, HMDA requires mortgage lenders to report information about the home loans they process each year. In 2005, lenders reported information on more than 30 million home loan applications pursuant to HMDA. In 1989, Congress required lenders to begin disclosing information about mortgage borrowers' race and ethnicity. In 2004, concerned with potential racial discrimination in loan pricing and recognizing that racial or other types of discrimination can occur when loan officers and mortgage brokers have latitude in setting interest rates, the Federal Reserve Board began requiring lenders to also report information concerning rates, points, and fees, charged to borrowers on high-cost loans.

21. According to the Federal Reserve, both 2004 and 2005 HMDA data revealed that "Blacks and minority borrowers were more likely . . . to have received higher-priced loans than

1 non-Hispanic whites ... [which has] increased concern about the fairness of the lending
2 process."⁴

3 22. HMDA data for 2004 reveals profound loan pricing disparities between minority
4 borrowers and non-Hispanic whites even after controlling for borrowers' gender, income,
5 property location, and loan amount. After accounting for those differences in the 2004 HMDA
6 data, minority borrowers were still almost twice as likely to receive a higher-rate home loan as
7 non-Hispanic whites.⁵

8 23. Likewise, HMDA data for 2005 shows that "for conventional home-purchase
9 loans, the gross mean incidence of higher-priced lending was 54.7 percent for blacks and 17.2
10 percent for non-Hispanic whites, a difference of 37.5 percentage points." Avery, *supra* n.4, at
11 A159. The situation is similar for refinancing, where there is a difference of 28.3 percentage
12 points between blacks and non-Hispanic whites. *Id.* at A124, A159.

13 24. Since 2003, Defendant has not separately reported its own loan data under
14 HMDA. Plaintiffs believe that Defendant's loan data for the years 2004 through 2006 was
15 reported together with that of National City – which shows that minority borrowers were about
16 twice as likely to receive a high-cost loan as white borrowers.⁶ For example, while only 11% of
17 white National City borrowers received high-cost loans in 2004, 24% of its black borrowers
18

19 ⁴ Robert B. Avery, Kenneth P. Brevoort and Glenn B. Canner, "Higher-Priced Home Lending
20 and the 2005 HMDA Data," Federal Reserve Bulletin, A124, A159 (revised Sept. 18, 2006)
21 available at <http://www.federalreserve.gov/pubs/bulletin/2006/hmda/bull06hmda.pdf>.

22 ⁵ Testimony of Keith Ernst to congressional subcommittee on Financial Institutions and
23 Consumer Credit, at 2 (June 13, 2006), available at
24 <http://www.responsiblelending.org/pdfs/Testimony-Ernst061306.pdf>

25 ⁶ According to the website of the Federal Reserve Board, lenders are required to report the
26 percentage of loans that have rate spreads that exceed its high price threshold. See "Answers to
27 Frequently Asked Questions About HMDA Price Data" (available at
28 <http://www.federalreserve.gov/newsevents/press/bcreg/20060403a1.pdf>). The rate spread is the
difference between a particular loan's Annual Percentage Rate ("APR") and the rate on Treasury
securities of comparable maturity. *Id.* at 3-4. The APR is an effort to measure the true cost of
the loan by accounting not just for the interest rate on the loan, but also of the points, fees and
other miscellaneous charges to the consumer. *Id.* at 4. In order to exceed the high-price
threshold for first-lien loans, a loan's APR must be in excess of 3 percentage points higher than
Treasury securities of comparable maturity. *Id.* In order to exceed the high-price threshold for
second-lien loans, a loan's APR must be in excess of 5 percentage points higher than Treasury
securities of comparable maturity. *Id.*

1 received such loans that year. Cumulatively between 2004 and 2006, the percentage of all
2 minority homeowners receiving high-cost National City loans was 48%, while the percentage of
3 white borrowers receiving such loans was 27%. These numbers conform generally to the
4 differences found by researchers industry-wide.

5 25. The Association of Community Organizations for Reform Now (ACORN)
6 released a report entitled "The High Cost of Credit: Disparities in High-priced Refinanced Loans
7 to Minority Homeowners in 125 American Cities," dated September 27, 2005, that found that
8 "[i]n every metropolitan area where at least 50 refinances were made to African-American
9 homeowners, African-Americans were more likely to receive a high-cost loan than White
10 homeowners."

11 26. The ACORN study found that, nationally, black home purchasers were 2.7 times
12 more likely and Hispanics were 2.3 times more likely than white borrowers to be issued a
13 problematic, subprime loan. Additionally, the ACORN study found that nationally, for refinance
14 loans, African Americans were 1.8 times more likely and Hispanics were 1.4 times more likely
15 than white borrowers to be issued a problematic, subprime loan.

16 27. Differences in economic status are not to blame. These racial disparities were
17 found to persist even among borrowers of the same income level. The ACORN study found that,
18 among upper-income purchasers (defined as persons with incomes 120% or greater than the area
19 median income for their metropolitan area), blacks were 3.3 times more likely and Hispanics
20 were 3 times more likely than similarly-situated whites to be issued a high-cost, subprime loan.
21 Further, the ACORN study found that, with respect to refinance loans, among upper-income
22 borrowers, blacks and Hispanic borrowers were 1.7 times were likely than similarly-situated
23 whites to be issued a high-cost, subprime loan.

24 28. While some borrowers in the subprime market are genuine credit risks, minority
25 borrowers have been preyed upon by mortgage lenders and illegally steered into subprime loans.
26 Defendant has engaged in this discriminatory lending by refusing to offer minority borrowers the
27 prime loans offered to similarly-qualified white borrowers.
28

29. Studies by Freddie Mac and Standard & Poor's have found that 20% to 30% of borrowers who receive subprime mortgages could have qualified for traditional mortgages at the lower rates offered by banks to prime borrowers. This seriously disadvantages the borrower by effectively diluting the equity of the property, placing the borrower in jeopardy of default, and forcing the borrower to spend years paying off additional loan balances without developing any equity in their home.

30. Further, the U.S. Department of Housing and Urban Development found that in neighborhoods where at least 80 percent of the population is black, borrowers were 2.2 times as likely as borrowers in the nation as a whole to refinance with a subprime lender. Higher-income borrowers living in predominately blacks neighborhoods are twice as likely as lower-income white borrowers to have subprime loans.⁷

31. The predatory lending practices of the Defendant and other mortgage lenders lead to dire financial consequences for borrowers. Earlier this year, over eighty consumer groups wrote to federal banking agencies about a particular type of subprime loan, 2/28 the adjustable rate mortgage ("2/28 ARM"). A 2/28 ARM typically contains an average built-in "shock payment" increase of 29%, even if interest rates remain unchanged. Fitch Ratings reports that the actual payment shock may be as high as 48%. The majority of subprime loans made to minorities had these adjustable rates. The Center for Responsible Lending estimates that 2.2 million such subprime loans have ended or will end in foreclosure, a rate of 19%.

32. Plaintiffs Claudia P. Sierra and Lillian Sergenton have loans with the 2/28 ARM structure.

33. The Center for Responsible Lending ("CRL") published a study in December 2006 on the effects of foreclosure.⁸ The report states that the costs of subprime foreclosures fall heavily on black and Hispanic homeowners, since subprime mortgages are disproportionately made in communities of color. HMDA data shows that over half of loans to black borrowers are

⁷ See U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "All Other Things Being Equal: A Paired Testing Study of Mortgage Lending Institutions," (2002) *available at* <http://www.huduser.org/publications/hsgfin/aotbe.html>.

⁸ See "Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners." December 2006, *available at* <http://www.responsiblelending.org>.

1 higher-cost loans, which, by definition, are a proxy for subprime loans. For Hispanic
2 homeowners, the portion of higher-cost loans is also very high, at four in ten. This data implies
3 that subprime foreclosures will affect eight percent of recent Hispanic borrowers and 10 percent
4 of recent black borrowers. By comparison, subprime foreclosures will likely occur among only
5 about four percent of recent white borrowers.

6 34. CRL released an additional study in November, 2007 that explains the negative
7 effects of foreclosure as extending beyond individual families losing their homes and into
8 surrounding neighbors and the wider community.⁹ The 2007 study reports that a foreclosure on a
9 home lowered the price of other nearby single-family homes, on average, by 0.9 percent. That
10 impact was even higher in lower-income neighborhoods, where each foreclosure dropped home
11 values by an average of 1.44 percent. The study notes that communities of color will be
12 especially harmed, since these communities receive a disproportionate share of subprime home
13 loans.

14 35. The 2007 CRL study projects that, nationally, foreclosures on subprime home
15 loans originated in 2005 and 2006 will have numerous impacts on the neighborhoods and
16 communities in which they occur. For instance, the study predicts that 44.5 million neighboring
17 homes will experience devaluation because of subprime foreclosures that take place nearby, and
18 the total decline in house values and tax base from nearby foreclosure will be about \$223 billion.
19 Homeowners living near foreclosed properties will see their property values decrease \$5,000 on
20 average.

21 36. A growing number of research studies and investigations show that significant
22 racial disparities still exist in home mortgage lending.¹⁰

23
24 ⁹ See "Subprime Spillover: Foreclosures Cost Neighbors \$223 Billion; 44.5 Million Homes Lost
25 \$5,000 on Average." Center for Responsible Lending, *available at*
26 <http://www.responsiblelending.org>.

27 ¹⁰ See, e.g., California Reinvestment Coalition, et al., *Paying More for the American Dream: A*
28 *Multi-State Analysis of Higher Cost Home Purchase Lending*, (March 2007) (hereinafter 2007
CRC Report") *available at* [http://www.nedap.org/pressroom/documents/2007_Report-](http://www.nedap.org/pressroom/documents/2007_Report-2005_HMDA.pdf)
2005_HMDA.pdf, (hereinafter "2007 CRC Report"); Stephen L. Ross, *The Continuing Practice*
and Impact of Discrimination, (Revised July 2006) (Univ. of Connecticut, Working Paper 2005-
19R), *available at* <http://www.econ.uconn.edu/working/2005-19r.pdf>.

37. Moreover, and importantly, research studies have suggested that borrowers' credit profiles cannot fully explain why some borrowers, and not others, are saddled with higher cost loans. Researchers have raised "doubts that risk can adequately explain racial differences" in high-cost loans.¹¹ In other words, evidence "suggests that weak borrower credit profiles do not fully explain why some borrowers get stuck with higher-cost home loans."¹²

38. Borrowers who obtain a home loan at an unnecessarily high interest rate will pay hundreds of dollars more each month in mortgage payments, making them more vulnerable to short term economic distress that may result from job loss or medical problems. In consequence, minority homeowners run higher risks of foreclosure, and will accumulate equity in their homes much more slowly than white borrowers. While for some minority borrowers with tarnished credit histories, higher-priced home loans provide the only access to the mortgage market and to homeownership, many other minorities will be paying far more for their mortgages than their credit histories justify.

39. The skyrocketing levels of foreclosures in urban areas, and minority communities in particular, have been tied to the growth of concentrated subprime lending in these areas.¹³ Concentrated foreclosures have a devastating impact on cities and neighborhoods. They affect local property values, serve as a magnet for crime, and hurt a city's property tax base.¹⁴

40. While many institutions specialize in lending to either prime or subprime markets, there is an important set of large lenders that are active in both markets. These lenders utilize

¹¹ Calvin Bradford, Center for Community Change, *Risk or Race? Racial Disparities and the Subprime Refinance Market*, (May 2002), available at http://www.knowledgeplex.org/kp/report/report/refiles/ccc_0729_risk.pdf.

¹² 2007 CRC Report, *supra* at 7.

¹³ Dan Immergluck and Geoff Smith, *Risky Business: An Econometric Analysis of the Relationship Between Subprime Lending and Foreclosures*, (March 2004), Woodstock Institute, Chicago, IL.

¹⁴ For discussions of the external impacts of foreclosures, see Dan Immergluck and Geoff Smith, *There Goes the Neighborhood: The Effect of Single-Family Mortgage Foreclosures on Property Values* (June 2005), Woodstock Institute, Chicago, IL; November 2006; Dan Immergluck and Geoff Smith, *The Impact of Single Family Foreclosures on Neighborhood Crime*, in *Housing Studies*, (November 2006); and William Apgar, Mark Duda, and Rochelle Nawrocki Gorey, *The Municipal Costs of Foreclosures: A Chicago Case Study*, (February 2005), Foreclosure Prevention Foundation, Minneapolis, MN.

1 diverse lending channels such as branch, broker and correspondent networks that allow them to
2 reach a wide variety of geographic markets. Their size also gives them the capacity to offer an
3 array of products that may be appropriate for customers with different levels of credit quality.

4
5 **B. THE DEFENDANT'S DISCRETIONARY PRICING POLICY CONTINUES THE**
6 **PERVASIVE DISCRIMINATION AGAINST MINORITIES IN MORTGAGE**
7 **LENDING**

8 41. Defendant First Franklin is among America's leading mortgage lenders,
9 originating and funding mortgage loans through loan officers, through authorized mortgage
10 brokers and through a network of correspondent lenders.

11 42. On information and belief, these loan officers, mortgage brokers and
12 correspondent lenders work with Defendant to broker and fund loans in collaboration with
13 Defendant and in conformity with Defendant's credit-pricing policies and procedures. As part of
14 Defendant's underwriting process, loan application and appraisal packages are reviewed to
15 ensure conformity with the its stated credit guidelines.

16 43. Defendant has established, implemented and continues to implement its
17 Discretionary Pricing Policy, causing minority borrowers to pay subjective fees such as yield
18 spread premiums and other mortgage-related finance charges at higher rates than similarly
19 situated non-minority borrowers.

20 44. Due to the Defendant's policies as to where to place their offices and how to
21 market their products, minority borrowers were more likely than white borrowers to obtain
22 subprime loans on a wholesale basis rather than loans originated directly without the fees and
23 costs associated with wholesale lending..

24 45. Defendant's subprime loans originated in its wholesale channel are more
25 expensive than loans originated directly on a retail basis to borrowers with the same or similar
26 credit scores.

27 46. The Defendant's Discretionary Pricing Policy is unrelated to a borrower's
28 objective credit characteristics such as credit history, credit score, debt-to-income ratio and loan-
to-value ratios and results in purely subjective charges that affect the rate otherwise available to
borrowers.

1 47. The Defendant provides its loan officers, authorized mortgage brokers and
2 correspondent lenders with substantial information about its loan programs, rates and credit
3 criteria, as well as its policies for compensating its loan officers and mortgage brokers who
4 arrange business for it.

5 48. The Defendant authorizes loan officers, authorized mortgage brokers and
6 correspondent lenders to accept applications on its behalf, to quote financing rates and terms
7 (within the limitations set by Defendant), to inform credit applicants of Defendant's financing
8 options and to originate finance transactions using Defendant's forms, in accordance with its
9 policies.

10 49. Defendant provides its loan officers, authorized mortgage brokers and
11 correspondent lenders with credit applications, loan contracts and other required financing forms,
12 as well as instructions on filling out such documents necessary to complete home mortgage
13 transactions.

14 50. After a customer provides credit information to one of Defendant's loan officers,
15 authorized mortgage brokers and/or correspondent lenders, Defendant computes a financing rate
16 through an objective credit analysis that, in general, discerns the creditworthiness of the
17 customer.

18 51. These credit analyses consider numerous risk-related variables of
19 creditworthiness, including credit bureau histories, payment amounts, debt ratio, bankruptcies,
20 automobile repossessions, charge-offs, prior foreclosures, payment histories, credit score, debt-
21 to-income ratios, loan-to-value ratios and other risk-related attributes or variables. On
22 information and belief, Defendant uses these variables to determine a "mortgage score" for each
23 credit applicant.

24 52. Based on these objective risk-related variables and the resulting mortgage score,
25 Defendant derives a risk-based financing rate at which it would provide a home mortgage, often
26 called the "Par Rate." Alternatively, experienced loan officers, authorized mortgage brokers
27 and/or correspondent lenders can estimate the risk-related Par Rate by referring to the applicant's
28 credit bureau determined credit score.

1 53. Although Defendant's initial analysis applies objective criteria to calculate this
2 risk-related interest rate, Defendant's Discretionary Pricing Policy authorizes its loan officers,
3 brokers and correspondent lenders to mark up that rate later and also impose additional non-risk-
4 based charges, including yield spread premiums, and discretionary fees. Defendant regularly
5 communicates applicable par rates, authorized yield spread premiums, and other discretionary
6 fees to its loan officers, brokers and correspondent lenders via "rate sheets" and other
7 communications.

8 54. Defendant gives its loan officers, authorized mortgage brokers and/or
9 correspondent lenders discretion to impose yield spread premiums and other subjective fees on
10 borrowers. When borrowers pay yield spread premiums, Defendant shares in additional income
11 generated by the premium because the yield spread premium-affected borrower is locked into a
12 higher interest rate going forward on their loan than they would be if they had been placed in a
13 par rate loan without a yield spread premium.

14 55. Defendant's borrowers pay yield spread premiums and other discretionary fees
15 that inflate their finance charges not knowing that a portion of their finance charges are non-risk-
16 related.

17 56. The discretionary charges are paid by the customer as a component of the total
18 finance charge (the "Contract APR"), without the homeowner knowing that a portion of their
19 contract APR was a non-risk-related charge.

20 57. Defendant's brokers have discretion, within the limits set by the Defendant, to
21 impose discretionary mark-ups as additional points in interest – "a rate mark-up", or as points
22 and fees, such as yield spread premiums, on the loan. When there is a rate mark-up, the
23 Defendant receives additional income.

24 58. The Defendant's Discretionary Pricing Policy, by design, causes persons with
25 identical or similar credit scores to pay different amounts for the cost of credit. As a result of
26 using a subjective pricing component that is designed to charge persons with the same credit
27 profiles different amounts of finance charge, the objective qualities of the initial credit analysis
28

1 used to calculate the Par Rate are undermined and the potential for race bias becomes inherent in
2 the transaction.

3 59. The Discretionary Pricing Policy, although facially neutral (insofar as the
4 Defendant uses the same or effectively the same policy for all credit applicants), has a
5 disproportionately adverse effect on minorities compared to similarly situated whites in that
6 minorities pay disparately more discretionary charges (both in frequency and amount) than
7 similarly situated whites. Statistical analysis of discretionary charges imposed on minority and
8 white customers of other mortgage companies that use credit pricing systems structured like that
9 of the Defendant has revealed that minorities, after controlling for credit risk, are substantially
10 more likely than similarly situated whites to pay such charges.

11 60. Brokers and correspondent lenders are agents of the Defendant for the purpose
12 of setting credit price, which is always set based on the Defendant's policy.

13 61. The disparate impact suffered by minorities is a direct result of the Defendant's
14 Discretionary Pricing Policy in that the Defendant designed, disseminated, controlled,
15 implemented and profited from the Discretionary Pricing Policy creating the disparate impact.

16 62. The Defendant has a non-delegable duty to ensure that its mortgage financing
17 structure and policies do not have a disparate impact on legally protected classes, such as
18 minorities. Despite having such a non-delegable duty, the Defendant has chosen to use, and on
19 information and belief, continues to use, a commission-driven, subjective pricing policy that it
20 knows or should have known has a significant and pervasive adverse impact on minority
21 homeowners.

22 63. The disparities between the terms of the Defendant's transactions involving
23 minority homeowners and the terms involving whites homeowners cannot be a product of chance
24 and cannot be explained by factors unrelated to race, but, instead, are the direct causal result of
25 the use of the discriminatory Discretionary Pricing Policy.

26 64. Which lending channel a borrower enters – prime or subprime – has a large
27 impact on the price she will pay for her home loan. By funneling minority borrowers into the
28 subprime channel, the Defendant discriminates against those borrowers.

1 65. There are no legitimate business reasons justifying the Defendant's discriminatory
2 Discretionary Pricing Policy that could not be achieved by a policy that has no discriminatory
3 impact or a greatly reduced discriminatory impact.

4
5 **C. THE DEFENDANTS' DISCRETIONARY PRICING POLICY DISCRIMINATED**
6 **AGAINST PLAINTIFFS**

7 *Facts relating to Plaintiff Claudia P. Sierra*

8 66. Plaintiff Claudia P. Sierra ("Ms. Sierra") is a Hispanic homeowner who resides in
9 a condominium unit at 5 Condor Street #2, East Boston, MA 02150.

10 67. Ms. Sierra purchased this home on or about March 8, 2007 and obtained financing
11 from Defendant.

12 68. Mortgage Trust Group brokered the loan.

13 69. On March 8, 2007, Ms. Sierra entered into a mortgage finance transaction with
14 Defendant as the lender. The transaction was divided into an "80/20" structure with two loans.

15 70. Ms. Sierra's first loan (Loan No. 4001320087) was a 30-year adjustable rate loan
16 with a disclosed APR of 10.5478% and an introductory note rate of 8.15%. The loan amount was
17 \$228,000.00. According to the note, the loan had a 2-year fixed rate followed by a 28-year
18 variable rate feature in which the interest rate was recalculated every six months to be 5.4%
19 above the six-month London Interbank Offered Rate as published in the Wall Street Journal. At
20 the end of the thirty-year term of the loan, Ms. Sierra is responsible for a balloon payment of
21 \$153,400.47.

22 71. According to the HUD-1 Settlement Statement, Ms. Sierra paid \$8,602.35 in
23 settlement charges in connection with the loan, including a \$695.00 Administrative Fee, and a
24 \$72.00 Tax Service Fee to Defendant. Also included in the settlement charges were a \$450.00
25 Processing Fee, a \$330.00 Application Fee and \$2850.00 Broker Fee paid to Mortgage Trust
26 Group.

27 72. In connection with the loan, Defendant also paid Mortgage Trust Group a yield
28 spread premium in the amount of \$2736.00 representing additional commission based on a
marked up rate.

1 73. True and correct copies of the Truth-in-Lending disclosure and HUD-One
2 Settlement Statement provided in connection with Loan No. 4001320087 are attached hereto and
3 labeled Exhibit 1 and Exhibit 2, respectively.

4 74. Ms. Sierra's smaller loan (Loan No. 4001320088) was a fifteen-year fixed rate
5 mortgage in the amount of \$57,000. The smaller loan had an APR of 11.4054% and a note rate
6 of 11.15%. At the end of the fifteen-year term, Ms. Sierra is responsible for a balloon payment
7 of \$48,481.54.

8 75. True and correct copies of the Truth-in-Lending disclosure and HUD-One
9 Settlement Statement provided in connection with Loan No. 4001320088 are attached hereto and
10 labeled Exhibit 3 and Exhibit 4, respectively

11 76. On information and belief, unbeknownst to Ms. Sierra, the contract APR on the
12 mortgage loan was actually a combination of an objective, risk-based calculation and a totally
13 subjective, discretionary component added pursuant to the Defendant's Discretionary Pricing
14 Policy.

15 77. On information and belief, Ms. Sierra was subject to the Defendant's
16 Discretionary Pricing Policy.

17 78. On information and belief, Ms. Sierra was charged a disproportionately greater
18 amount in non-risk-related credit charges than similarly situated white persons.

19 79. Ms. Sierra was not offered less expensive loan products that were available to
20 borrowers with their credit characteristics directly under the Defendants' policies.

21 *Facts relating to Plaintiff Lillian Sergenton*

22 80. Plaintiff Lillian Sergenton is a minority homeowner who resides at 5948 South
23 King Drive, Unit #3, Chicago, IL 60637.

24 81. Ms. Sergenton purchased this home on or about December 15, 2005 and obtained
25 financing from Defendant.

26 82. American Home Mortgage Corp. brokered the loan.

27 83. On December 15, 2005, Ms. Sergenton entered into a mortgage finance
28 transaction with Defendant as the lender, Loan No. 4000583296.

1 84. Ms. Sergenton's loan was a 30-year loan with a disclosed APR of 11.2968% and a
2 note rate of 9.6250%. The loan amount was \$241,000.00. According to the note, the loan had a
3 2-year fixed rate followed by a 28-year variable rate feature in which the interest rate was
4 recalculated every six months to be 6.75% above the six-month London Interbank Offered Rate
5 as published in the Wall Street Journal.

6 85. According to the HUD-1 Settlement Statement, Ms. Sergenton paid \$8,520.62 in
7 settlement charges in connection with the loan, including, a loan origination fee of \$2410.00 to
8 the broker and a \$699.00 administrative fee, \$200.00 appraisal review fee, a \$69.00 Tax Service
9 Fee a \$23.00 Flood Certificate fee and a \$15.00 compliance Review Fee to Defendant. The
10 broker also received a \$275.00 Appraisal Fee paid outside of closing.

11 86. In connection with the loan, Defendant also paid American Home Mortgage Corp.
12 a fee of \$2410.00 bearing the characteristics of a yield spread premium, representing additional
13 commission based on a marked up rate.

14 87. True and correct copies of the Truth-in-Lending disclosure and HUD-One
15 Settlement Statement provided in connection with the Loan are attached hereto and labeled
16 Exhibit 5 and Exhibit 6, respectively.

17 88. On information and belief, unbeknownst to Ms. Sergenton, the contract APR on
18 the mortgage loan was actually a combination of an objective, risk-based calculation and a
19 totally subjective, discretionary component added pursuant to the Defendant's Discretionary
20 Pricing Policy.

21 89. On information and belief, Ms. Sergenton was subject to the Defendant's
22 Discretionary Pricing Policy.

23 90. On information and belief, Ms. Sergenton was charged a disproportionately
24 greater amount in non-risk-related credit charges than similarly situated white persons.

25 91. Ms. Sergenton was not offered less expensive loan products that were available to
26 borrowers with their credit characteristics directly under the Defendants' policies.

27
28

**ALLEGATIONS OF NON-DISCLOSURE – FRAUDULENT CONCEALMENT
(TOLLING)**

92. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

93. While long suspected, mortgage lending discrimination has only recently been disclosed and quantified. It has only been in the last few years that mortgage lenders have been required to submit details of their subprime home loans under the Home Mortgage Disclosure Act. The groups that have studied predatory lending and the mortgage market have uncovered incredible racial disparities in the types of mortgages offered.

94. The causes of action alleged herein accrued upon discovery of the discriminatory impact of the Defendants' Discretionary Pricing Policy. Plaintiffs and members of the Class did not discover and could not have discovered through the exercise of reasonable diligence the factual bases of those claims. Moreover, because the Defendant knowingly and actively concealed the facts alleged herein, Plaintiffs and the Class have been kept ignorant of vital information essential to the pursuit of these claims, without any fault or lack of diligence on their part.

95. Commission-driven, discretionary pricing systems, such as those used in the mortgage industry and structurally similar to the system utilized by the Defendant, have been found to produce significant discriminatory effects. Knowledge concerning the significant and pervasive discriminatory impact of such commission-driven, discretionary credit pricing systems has been widely circulated within the financing industry for several years, as a result of numerous actions by the United States Department of Justice and federal regulatory agencies. Thus, the Defendant knew or should have known that its credit pricing system causes minority homeowners to pay more for mortgage financing than the amounts paid by white customers with identical or effectively identical credit scores.

96. Despite the fact that the Defendant knew or should have known of the discriminatory effect of its Discretionary Pricing Policy, none of the loan documents inform the customer that its finance rates ultimately are subjective and not based solely on risk-related characteristics.

1 97. The Defendant was and is under a continuous non-delegable duty to disclose to
2 the Plaintiffs and Class material information regarding their loans. The fact that certain loan
3 terms are subjective and discretionary is information a reasonable borrower would consider
4 important when deciding whether to accept the loan and on what terms. The fact that the
5 subjective and discretionary components result in a disparate impact on minorities is also
6 information a reasonable minority borrower would consider important.

7 98. The Defendant took affirmative steps to conceal their Discretionary Pricing Policy
8 and its affects including, without limitation, by conflating the discretionary and non-
9 discretionary elements of the credit price in various loan documents, by disclosing the
10 discretionary elements of the price as if they are non-discretionary, by failing to inform
11 borrowers that yield spread compensation is based on a mark-up of the finance charge from
12 which Defendant yields additional profits, and by generating excessive and confusing
13 documentation for each loan that prevents borrowers from understanding the fundamental terms
14 and costs of the loan at the time of closing.

15 99. Plaintiffs and Class Members reasonably relied upon the Defendant's
16 representation that the terms of their loans would be based on their creditworthiness and on
17 various implied representations that all material information about the credit price is disclosed.

18 100. The Defendant's financing documents falsely fostered the image that the
19 Defendant offers competitive rates that objectively are set. However, the Defendant never
20 disclosed to its credit applicants the fact that: (a) its credit rates are subjective and can vary
21 significantly among persons with identical credit profiles; and (b) it had authorized and provided
22 a financial incentive to mortgage brokers to subjectively increase the credit rate above the rate
23 otherwise available to the homeowner.

24 101. Due to the inherent nature of the Defendant's undisclosed Discretionary Pricing
25 Policy and due to the Defendant's deception and concealment, the Defendant's minority
26 customers had no way of knowing or suspecting: (a) the existence of the Defendant's subjective
27 credit pricing policy; (b) that they were charged additional subjective credit charges; (c) that
28

1 they were charged a disproportionately greater amount for their cost of credit than similarly
2 situated white persons, and or (d) that any part of the loan price was negotiable.

3 102. The Defendant was or should have been aware that the Discretionary Pricing
4 Policy had a disparate impact on minority borrowers. Even in the face of this information, the
5 Defendant continued affirmatively to authorize the use of the Discretionary Pricing Policy
6 without disclosure to its borrowers.

7 103. The Defendant profited from the use of the Discretionary Pricing Policy.

8 104. Given the "teaser rate" structure of many of the loans offered by the Defendant, it
9 is apparent that the products were designed to ensure that the loans would need to be refinanced
10 before their maturity date, requiring that borrowers expose themselves repeatedly to the
11 Discretionary Pricing Policy and thereby allowing Defendant to obtain further profits based on
12 the Discretionary Pricing Policy.

13 105. The Defendant authorized its brokers and closing agents to withhold from
14 Plaintiffs information regarding the Discretionary Pricing Policy.

15 106. Thus, the Defendant is estopped from relying on any statutes of limitation in its
16 defenses of this action.

17 CLASS ALLEGATIONS

18 107. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

19 108. This class action is brought pursuant to ECOA and the FHA by the individual
20 named Plaintiffs on behalf of themselves and all minority consumers (the "Class") who obtained
21 home mortgage loan from the Defendant in the United States between January 1, 2001 and the
22 date of judgment in this action (the "Class Period") and who were subject to the Defendant's
23 Discretionary Pricing Policy pursuant to which they paid discretionary points, fees or interest
24 mark-ups in connection with their loan. The term "minority" refers to blacks and Hispanics as
25 defined by federal law.

26 109. Plaintiffs sue on their own behalf and on behalf of a class of persons under Rules
27 23(a) and (b)(2) and (b)(3) of the Federal Rules of Civil Procedure.
28

1 110. The phrase "Discretionary Pricing Policy" refers to the Defendant's policy of
2 authorizing its loan officers, correspondent lenders and brokers to impose subjective,
3 discretionary charges and interest mark-ups that are included in the finance charge for loans they
4 originate.

5 111. Plaintiffs do not know the exact size or identities of the proposed Class, since
6 such information is in the exclusive control of the Defendant. Plaintiffs believe that the Class
7 encompasses many thousands or tens of thousands of individuals who are geographically
8 dispersed throughout the United States. Therefore, the proposed class is so numerous that
9 joinder of all members is impracticable.

10 112. All members of the Class have been subject to and affected by Defendant's
11 practice of assessing yield spread premiums and other discretionary fees on mortgage loans.
12 There are questions of law and fact that are common to the Class, and predominate over any
13 questions affecting only individual members of the Class. These questions include, but are not
14 limited to the following:

- 15 a. the nature and scope of Defendant's policies and procedures concerning the
16 assessment of yield spread premiums and other discretionary fees on mortgage
17 loans it funds;
- 18 b. whether First Franklin Financial Corporation is a creditor under the ECOA
19 because, for example, in the ordinary course of its business it participates in the
20 decision of whether or not to extend credit to consumers;
- 21 c. whether the Defendant's Discretionary Pricing Policy is a facially neutral credit
22 pricing system that has effected racial discrimination in violation of ECOA;
- 23 d. whether there are statistically significant disparities between the amount of the
24 discretionary charges imposed on minority persons and the amount of the
25 discretionary charges imposed on white persons that are unrelated to
26 creditworthiness;
- 27 e. whether any legitimate business reason for the Discretionary Pricing Policy can
28 be achieved by a credit pricing system less discriminatory in its impact;

- 1 f. whether the Court can enter declaratory and injunctive relief; and
2 g. the proper measure of disgorgement and/or actual and/or punitive damages and/or
3 restitution.

4 113. The claims of the individual named Plaintiffs are typical of the claims of the Class
5 and do not conflict with the interests of any other members of the Class, in that Plaintiffs and the
6 other members of the Class were subjected to the same yield spread premiums and other
7 discretionary fees that have disproportionately affected minority borrowers.

8 114. The individual named Plaintiffs will fairly and adequately represent the interests
9 of the Class. They are committed to the vigorous prosecution of the Class's claims and have
10 retained attorneys who are qualified to pursue this litigation and have experience in class actions
11 – in particular, consumer protection and discrimination actions.

12 115. A class action is superior to other methods for the fast and efficient adjudication
13 of this controversy. A class action regarding the issues in this case does not create any problems
14 of manageability.

15 116. In the alternative, the Defendant acted or refused to act on grounds generally
16 applicable to the Class, thereby making appropriate final injunctive relief or corresponding
17 declaratory relief with respect to the class as a whole.

18
19 **COUNT I**
DISCRIMINATION IN VIOLATION OF THE EQUAL CREDIT OPPORTUNITY ACT

20 117. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

21 118. The Defendant is a creditor as defined in ECOA.

22 119. The Defendant designed, disseminated, controlled, implemented and profited
23 from the discriminatory policy and practice alleged herein — the Discretionary Pricing Policy —
24 which has had a disparate economic impact on minorities compared to similarly situated whites.

25 120. All actions taken by the Defendant's loan officers, correspondent lenders and/or
26 brokers were in accordance with the specific authority granted to them by the Defendant and
27 were in furtherance of the Defendant's policies and practices.
28

1 121. As a result of the Defendant's Discretionary Pricing Policy, the Defendant has
2 collected more in finance charges from minorities than from similarly situated white persons, for
3 reasons totally unrelated to credit risk.

4 122. The Defendant's Discretionary Pricing Policy violates the Equal Credit
5 Opportunity Act.

6 123. Plaintiffs and prospective class members are aggrieved persons as defined in
7 ECOA by virtue of having been subject to the discriminatory Discretionary Pricing Policy.

8
9 **COUNT II**
DISCRIMINATION IN VIOLATION OF THE FAIR HOUSING ACT

10 124. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

11 125. Defendant engaged in residential real estate-related transactions with respect to
12 the Plaintiffs, the proposed Class representatives herein, and all prospective Class members.

13 126. The Defendant's Discretionary Pricing Policy has resulted in discrimination with
14 respect to the Plaintiffs, the proposed Class representatives herein, and all prospective members
15 of the Class.

16 127. As a result of the Defendant's Discretionary Pricing Policy, the Defendant has
17 collected more in finance charges from minorities than from similarly situated white persons, for
18 reasons totally unrelated to credit risk.

19 128. The Defendant's Discretionary Pricing Policy violates the Fair Housing Act and
20 constitutes actionable discrimination on the basis of race.

21 129. Plaintiffs and the Class are aggrieved persons as defined in FHA by virtue of
22 having been subject to the Defendant's discriminatory Discretionary Pricing Policy.

23
24 **PRAAYER FOR RELIEF**

25 WHEREFORE, the Plaintiffs respectfully request the following relief:

26 a. Certify this case as a class action and certify the named Plaintiffs herein to be
27 adequate class representatives and their counsel to be class counsel;
28

1 b. Enter a judgment, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613,
2 declaring the acts and practices of Defendant complained of herein to be in violation of ECOA
3 and the FHA;

4 c. Grant a permanent or final injunction, pursuant to 15 U.S.C. 1691e(c) and/or 42
5 U.S.C. §3613(c), enjoining the Defendant, and the Defendant's agents and employees, affiliates
6 and subsidiaries, from continuing to discriminate against Plaintiffs and the members of the Class
7 because of their race through further use of the Discretionary Pricing Policy or any other non-
8 risk-related discretionary pricing policy employed by the Defendant and/or enjoining the
9 Defendant from continuing to collect charges resulting from discrimination;

10 d. Order the Defendant, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613(c),
11 to adopt and enforce a policy that requires appropriate training of the Defendant's employees and
12 its brokers and correspondent lenders to prevent discrimination;

13 e. Order the Defendant, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613(c),
14 to monitor and/or audit the racial pattern of its financings to ensure the cessation of
15 discriminatory effects in its home mortgage transactions;

16 f. Order disgorgement, pursuant to 15 U.S.C. §1691e(c), of all disproportionate non-
17 risk charges imposed on minorities by the Defendant's Discretionary Pricing Policy; and order
18 the equitable distribution of such charges to all appropriate class members; together with other
19 relief for unjust enrichment;

20 g. Order actual and punitive damages and/or restitution to the Plaintiffs and the
21 Class pursuant to 42 U.S.C. § 3613(c);

22 h. Award Plaintiffs the costs of this action, including the fees and costs of experts,
23 together with reasonable attorneys' fees, pursuant to 15 U.S.C. § 1691e(d) and/or 42 U.S.C. §
24 3613(c); and

25 j. Grant Plaintiffs and the Class such other and further relief as this Court finds
26 necessary and proper.
27
28

JURY TRIAL DEMANDED

Plaintiffs demand a trial by jury on all issues so triable.

Respectfully submitted,
On Behalf of the Plaintiffs,

Dated: May 30, 2008

/s/ Alan R. Plutzik
SCHIFFRIN BARROWAY TOPAZ &
KESSLER, LLP

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EXHIBIT 1

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

Borrower:

CLAUDIA P. SIERRA
5 CONDOR STREET Unit # 2
EAST BOSTON, MA 02128

Creditor:

FIRST FRANKLIN FINANCIAL CORP.,
AN OP. SUB. OF ML&T CO., FSB
2150 NORTH FIRST STREET
SAN JOSE, CA 95131

Loan Number: 4001320087

Date: 03/08/2007

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after your have made all payments as scheduled.
10.5478%	\$661,853.49	\$221,417.20	\$883,270.69

Your payment schedule will be:

No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin
24	\$1,611.03	05/01/2007						
335	\$2,063.30	05/01/2008						
1	\$153,400.47	04/01/2037						

VARIABLE RATE: Your loan contains a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.

INSURANCE: The following insurance is required to obtain credit: *Property
You may obtain the insurance from anyone that is acceptable to creditor.

SECURITY: You are giving a security interest in the real property being purchased.
Property address: 5 CONDOR STREET, Unit# 2, EAST BOSTON, MA 02128

LATE CHARGE: If a payment is more than 15 days late, you will be charged 3.0000% of the payment.

PREPAYMENT: If you pay off your loan early, * You will not have to pay a penalty.
* You will not be entitled to a refund of part of the finance charge.

ASSUMPTION: Someone buying your property may assume the remainder of your loan on the original terms.
THE ANNUAL PERCENTAGE RATE (APR) IS NOT THE SAME AS THE INTEREST RATE (NOTE RATE) OF THE MORTGAGE FOR WHICH YOU APPLIED. THE NOTE RATE DESCRIBES ONLY THE INTEREST. THE APR, WHICH IS USUALLY HIGHER, INCLUDES OTHER ITEMS SUCH AS DISCOUNT POINTS, FEES, FINANCE CHARGES AND CERTAIN OTHER CHARGES WHICH ARE REQUIRED TO BE PAID TO OBTAIN THE LOAN.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

CLAUDIA P. SIERRA

DATE

EXHIBIT 2

A Settlement Statement

U.S. Department of Housing
And Urban Development

OMB App. No. 2502-0265

B Type of Loan

1. FHA 2. FmHA 3. Conv. Unins. 6. File Number: 7. Loan Number: 8. Mortgage Ins. Case No.:
4. VA 5. Conv. Ins. 4001320087

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower:

Claudia P. Sierra, 55 Eleanor St., #10, Chelsea, MA 02150

E. Name and Address of Seller:

Juan A. Velasquez, 5 Condor Street, Unit # 3, Boston, MA 02128

F. Name and Address of Lender:

First Franklin Loan Services on behalf of First Franklin
600 West Cummings Park Suite 2600
Woburn, MA, 01801

Seller's TIN#:

G. Property Location:

5 Condor Street, Unit # 2
Boston, MA 02128

H. Settlement Agent: Summers & Summers

Place of Settlement: 224 Clarendon Street, Boston, MA 02116

City/City of Settlement: Boston

Suffolk

04-2456870

I. Settlement Date:
March 8, 2007

J. Summary of Borrower's Transaction

100. Gross Amount Due From Borrower	
101. Contract sales price	\$285,000.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	\$8,802.35
104. 4th Quarter Taxes - City of Boston	\$170.03
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes 3/8/2007 to 3/31/2007	\$71.76
107. County taxes to	
108. Assessments to	
109. Condo Fee Adjustment 3/8/07 - 3/31/2007	\$89.01
110.	
111.	
112.	
120. Gross Amount Due From Borrower	\$293,933.15
200. Amounts Paid By Or in Behalf Of Borrower	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	\$228,000.00
203. Existing loan(s) taken subject to	
204. Proceeds from 2nd Loan	\$55,666.30
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213. Seller Closing Cost Credit	\$10,000.00
214.	
215.	
216.	
217.	
218.	
219.	
220. Total Paid By/For Borrower	\$293,666.30
300. Cash At Settlement From/To Borrower	
301. Gross amount due from borrower (line 120)	\$293,933.15
302. Less amount paid by/for borrower (line 220)	(\$293,666.30)
303. CASH * FROM TO BORROWER:	\$266.85

K. Summary of Seller's Transaction

400. Gross Amount Due To Seller	
401. Contract sales price	\$285,000.00
402. Personal property	
403.	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes 3/8/2007 to 3/31/2007	\$71.76
407. County taxes to	
408. Assessments to	
409. Condo Fee Adjustment 3/8/07 - 3/31/2007	\$89.01
410.	
411.	
412.	
420. Gross Amount Due To Seller	\$285,160.77
500. Reductions in Amount Due To Seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	\$1,824.80
503. Existing loan(s) taken subject to	
504. Payoff 1 Countrywide Home Loans, Inc.	\$201,232.32
505. Payoff 2	
506. to	
507. to	
508. to	
509. to	
Adjustments for items unpaid by seller	
510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513. Seller Closing Cost Credit	\$10,000.00
514.	
515.	
516.	
517.	
518.	
519.	
520. Total Reduction Amount Due Seller	\$213,056.92
600. Cash At Settlement To/From Seller	
601. Gross amount due to seller (line 420)	\$285,160.77
602. Less amount paid by/for seller (line 520)	(\$213,056.92)
603. CASH * TO FROM SELLER:	\$72,103.85

SUBSTITUTE FORM 1099 SELLER STATEMENT: The information contained in Blocks E, G, H and I and on line 401 (or if line 401 is asterisked, lines 403 and 404) is important tax information and is being furnished to the Internal Revenue Service.
If you are required to file a return, a negligence penalty or other sanction will be imposed on you, if this item is required to be reported and the IRS determines that it has not been reported.

SELLER INSTRUCTIONS: If this real estate was your principal residence, file Form 2110, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of Form 4797, Form 8252 And/or Schedule D (Form 1040). You are required by law to provide [see box H] with your correct taxpayer identification number. If you do not provide [see box H] with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law, and under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

Seller's Signature

L. Settlement Charges				Paid From Borrowers Funds at Settlement	Paid From Sellers Funds at Settlement
700. Total Sales/Broker's Commission based on price \$285,000.00 @ % =					
Division of Commission (line 700) as follows:					
701.	to				
702.	to				
703. Commission paid at Settlement					
704.					
800. Items Payable in Connection With Loan					
801.	Loan Origination fee	%	POC:		
802.	Loan Discount	%	POC:		
803.	Appraisal Fee	to Didarul A. Salam	POC: \$300.00		
804.	Administration Fee	to First Franklin Financial Corp	POC:	\$695.00	
805.	Wire Transfer Fee	to First Franklin Financial Corp	POC:	\$5.00	
806.	Flood Cert	to FIS Flood Services	POC:	\$9.00	
807.	Tax Service	to First Franklin Financial Corp	POC:	\$72.00	
808.	Processing Fee	to Mortgage Trust Group	POC:	\$450.00	
809.	Application Fee	to Mortgage Trust Group	POC:	\$330.00	
810.	Broker Fee	to Mortgage Trust Group	POC:	\$2,850.00	
811.	Broker Fee pd by Lender	to Mortgage Trust Group	POC: \$2,736.00		
812.		to	POC:		
813.	MAVENT	to First Franklin Financial Corp	POC:	\$15.50	
814.	Review Appraiser	to Strickland, Marguerite	POC:	\$225.00	
815.		to	POC:		
900. Items Required By Lender To Be Paid In Advance					
901.	Interest from	3/8/2007 to 4/1/2007 @ 51.6167 / day 24 Days		\$1,238.80	
902.	Mortgage insurance premium for	mo. to			
903.	Hazard Insurance premium for	yrs. to			
904.	Flood Insurance	yrs. to			
905.					
1000. Reserves Deposited With Lender					
1001.	Hazard Insurance	months @	per month		
1002.	Mortgage Insurance	months @	per month		
1003.	City property taxes	4 months @ \$90.95	per month	\$363.80	
1007.		months @	per month		
1008. Aggregate Accounting Adjustment					
1100. Title Charges					
1101. Settlement or closing fee to					
1102. Abstract or title search to					
1103.	Title examination to	Thomas O'Connor Day & Associates		\$100.00	
1104. Title insurance binder to					
1105. Document preparation to					
1106. Notary fees to					
1107.	Attorney's fees to	Summers & Summers		\$650.00	
(includes above items numbers:)					
1108.	Title insurance to	Old Republic National Title Insurance Company		\$1,215.25	
(includes the above items numbers:)					
1109.	Lender's coverage	\$228,000.00	L Prem: \$570.00 Endorsement		
1110.	Owner's coverage	\$285,000.00	O Prem: \$645.25		
1111.	Obtain Mortgage Discharge(s)	to Summers & Summers			\$100.00
1112.		to			
1113.	Title Ins. Commission to Title Agent	\$850.68	to Summers & Summers		
1200. Government Recording and Transfer Charges					
1201.	Recording fees:	Deed \$125.00 Mortgage \$175.00 Releases \$75.00		\$300.00	\$75.00
1202.	City/county tax/stamps:	Deed Mortgage			
1203.	State tax/stamps:	Deed \$1,299.60 Mortgage			\$1,299.60
1204.	Rundown & Record Fee	to Thomas O'Connor Day & Associates		\$50.00	
1205.	Record 6(c) Certificate	to Registry of Deeds			\$75.00
1300. Additional Settlement Charges					
1301.	Survey to	N/A			
1302. Pest inspection to					
1303.	Deed Prep Fee	to Summers & Summers			\$250.00
1304.	Overnight Closing Package to Lender	to UPS		\$25.00	
1305.	Overnight Payoff	to UPS			\$25.00
1306.	Courier Fee	to Peter Collins		\$8.00	
1307. to					
1400. Total Settlement Charges (enter on lines 103, Section J and 502 Section K)				\$8,602.35	\$1,824.60
I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.					
Borrowers		Sellers			
Claudia P. Sierra		Juan A. Velasquez			

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

Date March 8, 2007

Anthony Summers

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

EXHIBIT 3

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

Borrower:

CLAUDIA P. SIERRA
5 CONDOR STREET Unit # 2
EAST BOSTON, MA 02128

Creditor:

FIRST FRANKLIN FINANCIAL CORP.,
AN OP. SUB. OF ML&T CO., FSB
2150 NORTH FIRST STREET
SAN JOSE, CA 95131

Loan Number: 4001320088

Date: 03/08/2007

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after your have made all payments as scheduled.
11.4054%	\$90,808.15	\$55,996.30	\$146,804.45

Your payment schedule will be:

No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin
179	\$549.29	05/01/2007						
1	\$48,481.54	04/01/2022						

INSURANCE: The following insurance is required to obtain credit: *Property
You may obtain the insurance from anyone that is acceptable to creditor.

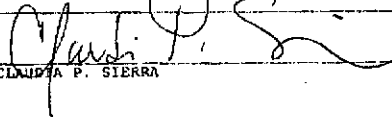
SECURITY: You are giving a security interest in the property you already own.
Property address: 5 CONDOR STREET, Unit# 2, EAST BOSTON, MA 02128

LATE CHARGE: If a payment is more than 10 days late, you will be charged 10.0000% of the payment,
not less than \$40.00.

PREPAYMENT: If you pay off your loan early, * You will not have to pay a penalty.
* You will not be entitled to a refund of part of the finance charge.

ASSUMPTION: Someone buying your property cannot assume the remainder of your loan on the original terms.
THE ANNUAL PERCENTAGE RATE (APR) IS NOT THE SAME AS THE INTEREST RATE (NOTE RATE) OF THE MORTGAGE FOR WHICH
YOU APPLIED. THE NOTE RATE DESCRIBES ONLY THE INTEREST. THE APR, WHICH IS USUALLY HIGHER, INCLUDES OTHER
ITEMS SUCH AS DISCOUNT POINTS, FEES, FINANCE CHARGES AND CERTAIN OTHER CHARGES WHICH ARE REQUIRED TO BE PAID
TO OBTAIN THE LOAN.

See your contract documents for any additional information about nonpayment, default, any required repayment
in full before the scheduled date, and prepayment refunds and penalties.


CLAUDIA P. SIERRA

3-8-07
DATE

EXHIBIT 4

A. Seller's Statement

U.S. Department of Housing
And Urban Development

OMB Approval No. 2502-0265

B. Type of Loan

1. FHA 2. FmHA 3. Conv. Loans 4. File Number: 5. Loan Number: 6. Mortgage Ins. Case No.:
 1. VA 2. Conv. 3. 4001320088

C. Note: This form is intended to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown here for informational purposes and are not included in the totals shown marked "to" or "from" were paid outside the closing. They are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower:

Claudia P. Simon, 55 Eleanor Street #10, Chelsea, MA 02150

E. Name and Address of Seller:

Seller's Title:

G. Property Location:

5 Conder Street, Unit # 2
 Boston, MA 02128

H. Settlement Agent: Summers & Summers

04-2456870

I. Settlement Date:
 March 8, 2007

City/City of Settlement: Boston

State: MA

J. Summary of Borrower's Transaction

101. Gross Amount Due From Borrower

102. Contract sales price

103. Personal property

104. Settlement charges to borrower (line 1400)

105.

106.

Adjustments for items paid by seller in advance

106. City/town taxes to

107. County taxes to

108. Assessments to

109.

110.

111.

112.

120. Gross Amount Due From Borrower

200. Amounts Paid By Or In Behalf Of Borrower

201. Deposit or earnest money

202. Principal amount of new loan(s)

203. Existing loan(s) taken subject to

204.

205.

206.

207.

208.

209.

Adjustments for items unpaid by seller

210. City/town taxes to

211. County taxes to

212. Assessments to

213.

214.

215.

216.

217.

218.

219.

220. Total Paid By/For Borrower

300. Cash At Settlement From/To Borrower

301. Gross amount due from borrower (line 120)

302. Less amount paid by/for borrower (line 220)

303. CASH FROM TO BORROWER:

K. Summary of Seller's Transaction

401. Gross Amount Due To Seller

401. Contract sales price

402. Personal property

403.

404.

405.

Adjustments for items paid by seller in advance

406. City/town taxes to

407. County taxes to

408. Assessments to

409.

410.

411.

412.

420. Gross Amount Due To Seller

500. Reductions in Amount Due To Seller

501. Excess deposit (see instructions)

502. Settlement charges to seller (line 1400)

503. Existing loan(s) taken subject to

504. Payoff 1

505. Payoff 2

506.

507.

508.

509.

510.

Adjustments for items unpaid by seller

510. City/town taxes to

511. County taxes to

512. Assessments to

513.

514.

515.

516.

517.

518.

519.

520. Total Reduction Amount Due Seller

600. Cash At Settlement To/From Seller

601. Gross amount due to seller (line 420)

602. Less amount paid by/for seller (line 520)

603. CASH TO FROM SELLER:

SUBSTITUTE FORM 1099 SELLER STATEMENT: The information contained in Blocks E, G, H and I and on line 401 (or if line 401 is asterisked, lines 403 and 404) is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you, if this item is required to be reported and the IRS determines that it has not been reported.

SELLER INSTRUCTIONS: If this real estate was your principal residence, file Form 2110, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of Form 4797, Form 8282 And/or Schedule D (Form 1040). You are required by law to provide (see box H) with your correct taxpayer identification number. If you do not provide (see box H) with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law, and under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

Seller's Signature

700. Total Sales/Broker's Commission based on price Division of Commission (line 700) as follows:				\$0.00 @	% =	Paid From Borrowers Funds at Settlement	Paid From Sellers Funds at Settlement
701.	to						
702.	to						
703. Commission paid at Settlement							
704.							
800. Items Payable in Connection With Loan							
801.	Loan Origination fee	%		POC:			
802.	Loan Discount	%		POC:			
803.	Administration Fee	to	First Franklin Financial Corp.	POC:			
804.	Wire Transfer Fee	to	First Franklin Financial Corp.	POC:	\$385.00		
805.	Flood Cert Fee	to	First Franklin Financial Corp.	POC:	\$5.00		
806.	MAVENT	to	First Franklin Financial Corp.	POC:	\$5.00		
807.		to		POC:	\$12.50		
808.		to		POC:			
809.		to		POC:			
810.		to		POC:			
811.		to		POC:			
812.		to		POC:			
813.		to		POC:			
814.		to		POC:			
815.		to		POC:			
900. Items Required By Lender To Be Paid In Advance							
901.	Interest from	3/8/2007	to 4/1/2007 @	17.6542 / day 24	Days	\$423.70	
902.	Mortgage insurance premium for		mo. to				
903.	Hazard insurance premium for		yrs. to				
904.	Flood insurance		yrs. to				
1000. Reserves Deposited With Lender							
1001.	Hazard insurance	months @		per month			
1002.	Mortgage insurance	months @		per month			
1003.	City property taxes	months @		per month			
1007.		months @		per month		\$0.00	
1008. Aggregate Accounting Adjustment							
1100. Title Charges							
1101.	Settlement or closing fee to						
1102.	Abstract or title search to						
1103.	Title examination to						
1104.	Title insurance binder to						
1105.	Document preparation to						
1106.	Noisy fees to						
1107.	Attorney's fees to	Summers & Summers				\$160.00	
(includes above items numbers:							
1108.	Title insurance to	Old Republic National Title Insurance Company				\$142.50	
(includes the above items numbers:							
1109.	Lender's coverage	\$57,000.00	L Prem;	\$142.50	Endowment		
1110.	Owner's coverage	\$0.00	O Prem;				
1111.			to				
1112.			to				
1112.	Title ins. Commission to Title Agent	\$98.75	to Summers & Summers				
1200. Government Recording and Transfer Charges							
1201.	Recording fees:	Deed	Mortgage	\$175.00	Release	\$175.00	
1202.	City/county tax/stamps:	Deed	Mortgage				
1203.	State tax/stamps:	Deed	\$0.00	Mortgage			
1204.			to				
1205.			to				
1300. Additional Settlement Charges							
1301.	Survey to	N/A					
1302.	Post inspection to						
1303.	Overnight Closing Package to Lender	to UPS				\$25.00	
1304.		to					
1305.		to					
1306.		to					
1307.		to					
1400. Total Settlement Charges (enter on lines 103, Section J and 502 Section K)						\$1,332.70	

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrowers

Claudia P. Stars

Sellers

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

Anthony Summers

Date March 8, 2007

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

EXHIBIT 5

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

Borrower:
 LILLIAN SERGENTON
 5848 SOUTH KING DRIVE Unit # 3
 CHICAGO, IL 60637

Creditor:
 FIRST FRANKLIN
 A DIVISION OF NAT. CITY BANK OF IN
 2150 NORTH FIRST STREET
 SAN JOSE, CA 95131

Loan Number: 4000583296

Date: 12/15/2005

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after your have made all payments as scheduled.
11.2988%	\$805,306.77	\$234,988.62	\$840,295.39

Note Rate: 9.6250%

Loan Amount: \$241,000.00

Your payment schedule will be:

No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin	No. of Pmts.	Amount of Pmts.	Monthly Pmts. Begin
24	\$2,048.47	02/01/2006						
335	\$2,354.54	02/01/2008						
1	\$2,381.21	01/01/2036						

VARIABLE RATE: Your loan contains a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.

INSURANCE: The following insurance is required to obtain credit: *Property
 You may obtain the insurance from anyone that is acceptable to creditor.

SECURITY: You are giving a security interest in the real property being purchased.
 Property address: 5948 SOUTH KING DRIVE, Unit# 3, CHICAGO, IL 60637

LATE CHARGE: If a payment is more than 15 days late, you will be charged 5.0000% of the payment.

PREPAYMENT: If you pay off your loan early, * You will not have to pay a penalty.
 * You will not be entitled to a refund of part of the finance charge.

ASSUMPTION: Someone buying your property may assume the remainder of your loan on the original terms.
 THE ANNUAL PERCENTAGE RATE (APR) IS NOT THE SAME AS THE INTEREST RATE (NOTE RATE) OF THE MORTGAGE FOR WHICH YOU APPLIED. THE NOTE RATE DESCRIBES ONLY THE INTEREST. THE APR, WHICH IS USUALLY HIGHER, INCLUDES OTHER ITEMS SUCH AS DISCOUNT POINTS, FEES, FINANCE CHARGES AND CERTAIN OTHER CHARGES WHICH ARE REQUIRED TO BE PAID TO OBTAIN THE LOAN.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

LILLIAN SERGENTON

12-15-05
DATE

LILLIAN SERGENTON

12-15-05
DATE

EXHIBIT 6

A. U.S. Department of Housing and Urban Development		B. Type of Loan																																																																																																																																																					
12/15/05 12:04 PM		OMB No. 2502-0265																																																																																																																																																					
Settlement Statement		1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FMHA 3. <input type="checkbox"/> Conv. Unins. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> Conv. Ins. 6. <input checked="" type="checkbox"/> Other:																																																																																																																																																					
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked ("POC") were paid outside the closing; they are shown here for information purposes and are not included in the totals.		6. File Number: 451214 7. Loan Number: 4000583298 8. Mortgage Ins. Case No.																																																																																																																																																					
D. Name of Borrower: Lillian Serpenteon		TIN:																																																																																																																																																					
E. Name of Seller: Foreit Properties LLC		TIN:																																																																																																																																																					
F. Name of Lender: First Franklin A Division of National City bank of Indiana		TIN:																																																																																																																																																					
G. Property Location: 5848 South King Drive, Condominium 3, Chicago, IL 60637		TIN:																																																																																																																																																					
H. Settlement Agent: Stewart Title of Illinois Place of Settlement: 2 N. LaSalle Suite 825 Chicago IL 60602		TIN: 36-3849696																																																																																																																																																					
I. Settlement Date: 12/15/2005		Promotion Date: 12/15/2005																																																																																																																																																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">100. Gross amount due from borrower:</td> <td colspan="2">400. Gross amount due to seller:</td> </tr> <tr> <td>101. Contract sales price</td> <td style="text-align: right;">241,000.00</td> <td>401. Contract sales price</td> <td style="text-align: right;">241,000.00</td> </tr> <tr> <td>102. Personal property</td> <td></td> <td>402. Personal property</td> <td></td> </tr> <tr> <td>103. Settlement charges to borrower (line 1400)</td> <td style="text-align: right;">8,520.62</td> <td>403.</td> <td></td> </tr> <tr> <td>104.</td> <td></td> <td>404.</td> <td></td> </tr> <tr> <td>105.</td> <td></td> <td>405.</td> <td></td> </tr> <tr> <td colspan="2">106. City/town taxes</td> <td colspan="2">406. City/town taxes</td> </tr> <tr> <td>107. County taxes</td> <td></td> <td>407. County taxes</td> <td></td> </tr> <tr> <td>108. Assessments 12/15/2005 to 1/1/2006</td> <td style="text-align: right;">96.96</td> <td>408. Assessments 12/15/2005 to 1/1/2006</td> <td style="text-align: right;">96.96</td> </tr> <tr> <td>109.</td> <td></td> <td>409.</td> <td></td> </tr> <tr> <td>110.</td> <td></td> <td>410.</td> <td></td> </tr> <tr> <td>111.</td> <td></td> <td>411.</td> <td></td> </tr> <tr> <td>112.</td> <td></td> <td>412.</td> <td></td> </tr> <tr> <td>120. Gross amount due from borrower:</td> <td style="text-align: right;">249,617.58</td> <td>420. Gross amount due to seller:</td> <td style="text-align: right;">241,096.96</td> </tr> <tr> <td>201. Deposit or earnest money</td> <td style="text-align: right;">1,000.00</td> <td>501. Excess deposit (see instructions)</td> <td></td> </tr> <tr> <td>202. Principal amount of new loan(s)</td> <td style="text-align: right;">241,000.00</td> <td>502. Settlement charges to seller (line 1400)</td> <td style="text-align: right;">13,266.50</td> </tr> <tr> <td>203. Existing loan(s) taken subject to</td> <td></td> <td>503. Existing loan(s) taken subject to</td> <td></td> </tr> <tr> <td>204.</td> <td></td> <td>504. Payoff of first mortgage loan Mercantile National Bank</td> <td style="text-align: right;">160,000.00</td> </tr> <tr> <td>205.</td> <td></td> <td>505. Payoff of second mortgage loan</td> <td></td> </tr> <tr> <td>206.</td> <td></td> <td>506.</td> <td></td> </tr> <tr> <td>207. Closing Cost Credit</td> <td style="text-align: right;">2,500.00</td> <td>507. Closing Cost Credit</td> <td style="text-align: right;">2,500.00</td> </tr> <tr> <td>208. Broker Credit</td> <td style="text-align: right;">1,000.00</td> <td>508.</td> <td></td> </tr> <tr> <td>209.</td> <td></td> <td>509.</td> <td></td> </tr> <tr> <td>210. City/town taxes</td> <td></td> <td>510. City/town taxes</td> <td></td> </tr> <tr> <td>211. County taxes 1/1/2005 to 12/15/2005</td> <td style="text-align: right;">366.45</td> <td>511. County taxes 1/1/2005 to 12/15/2005</td> <td style="text-align: right;">366.45</td> </tr> <tr> <td>212. Assessments</td> <td></td> <td>512. Assessments</td> <td></td> </tr> <tr> <td>213.</td> <td></td> <td>513.</td> <td></td> </tr> <tr> <td>214.</td> <td></td> <td>514.</td> <td></td> </tr> <tr> <td>215.</td> <td></td> <td>515.</td> <td></td> </tr> <tr> <td>216.</td> <td></td> <td>516.</td> <td></td> </tr> <tr> <td>217.</td> <td></td> <td>517.</td> <td></td> </tr> <tr> <td>218.</td> <td></td> <td>518.</td> <td></td> </tr> <tr> <td>219.</td> <td></td> <td>519.</td> <td></td> </tr> <tr> <td>220. Total paid by/bor borrower:</td> <td style="text-align: right;">245,868.45</td> <td>520. Total reduction in amount due seller:</td> <td style="text-align: right;">176,131.95</td> </tr> <tr> <td>301. Gross amount due from borrower (line 120)</td> <td style="text-align: right;">249,617.58</td> <td>601. Gross amount due to seller (line 420)</td> <td style="text-align: right;">241,096.96</td> </tr> <tr> <td>302. Less amount paid by/bor borrower (line 220)</td> <td style="text-align: right;">245,868.45</td> <td>602. Less total reduction in amount due seller (line 520)</td> <td style="text-align: right;">176,131.95</td> </tr> <tr> <td>303. CASH (X)FROM ()TO BORROWER</td> <td style="text-align: right;">3,751.13</td> <td>603. CASH (X)FROM ()TO SELLER</td> <td style="text-align: right;">64,985.01</td> </tr> </table>				100. Gross amount due from borrower:		400. Gross amount due to seller:		101. Contract sales price	241,000.00	401. Contract sales price	241,000.00	102. Personal property		402. Personal property		103. Settlement charges to borrower (line 1400)	8,520.62	403.		104.		404.		105.		405.		106. City/town taxes		406. City/town taxes		107. County taxes		407. County taxes		108. Assessments 12/15/2005 to 1/1/2006	96.96	408. Assessments 12/15/2005 to 1/1/2006	96.96	109.		409.		110.		410.		111.		411.		112.		412.		120. Gross amount due from borrower:	249,617.58	420. Gross amount due to seller:	241,096.96	201. Deposit or earnest money	1,000.00	501. Excess deposit (see instructions)		202. Principal amount of new loan(s)	241,000.00	502. Settlement charges to seller (line 1400)	13,266.50	203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to		204.		504. Payoff of first mortgage loan Mercantile National Bank	160,000.00	205.		505. Payoff of second mortgage loan		206.		506.		207. Closing Cost Credit	2,500.00	507. Closing Cost Credit	2,500.00	208. Broker Credit	1,000.00	508.		209.		509.		210. City/town taxes		510. City/town taxes		211. County taxes 1/1/2005 to 12/15/2005	366.45	511. County taxes 1/1/2005 to 12/15/2005	366.45	212. Assessments		512. Assessments		213.		513.		214.		514.		215.		515.		216.		516.		217.		517.		218.		518.		219.		519.		220. Total paid by/bor borrower:	245,868.45	520. Total reduction in amount due seller:	176,131.95	301. Gross amount due from borrower (line 120)	249,617.58	601. Gross amount due to seller (line 420)	241,096.96	302. Less amount paid by/bor borrower (line 220)	245,868.45	602. Less total reduction in amount due seller (line 520)	176,131.95	303. CASH (X)FROM ()TO BORROWER	3,751.13	603. CASH (X)FROM ()TO SELLER	64,985.01
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111.		411.																																																																																																																																																					
112.		412.																																																																																																																																																					
120. Gross amount due from borrower:	249,617.58	420. Gross amount due to seller:	241,096.96																																																																																																																																																				
201. Deposit or earnest money	1,000.00	501. Excess deposit (see instructions)																																																																																																																																																					
202. Principal amount of new loan(s)	241,000.00	502. Settlement charges to seller (line 1400)	13,266.50																																																																																																																																																				
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to																																																																																																																																																					
204.		504. Payoff of first mortgage loan Mercantile National Bank	160,000.00																																																																																																																																																				
205.		505. Payoff of second mortgage loan																																																																																																																																																					
206.		506.																																																																																																																																																					
207. Closing Cost Credit	2,500.00	507. Closing Cost Credit	2,500.00																																																																																																																																																				
208. Broker Credit	1,000.00	508.																																																																																																																																																					
209.		509.																																																																																																																																																					
210. City/town taxes		510. City/town taxes																																																																																																																																																					
211. County taxes 1/1/2005 to 12/15/2005	366.45	511. County taxes 1/1/2005 to 12/15/2005	366.45																																																																																																																																																				
212. Assessments		512. Assessments																																																																																																																																																					
213.		513.																																																																																																																																																					
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219.		519.																																																																																																																																																					
220. Total paid by/bor borrower:	245,868.45	520. Total reduction in amount due seller:	176,131.95																																																																																																																																																				
301. Gross amount due from borrower (line 120)	249,617.58	601. Gross amount due to seller (line 420)	241,096.96																																																																																																																																																				
302. Less amount paid by/bor borrower (line 220)	245,868.45	602. Less total reduction in amount due seller (line 520)	176,131.95																																																																																																																																																				
303. CASH (X)FROM ()TO BORROWER	3,751.13	603. CASH (X)FROM ()TO SELLER	64,985.01																																																																																																																																																				
<p>SUBSTITUTE FORM 1099 SELLER STATEMENT - The information contained in Blocks E, G, H and I and on line 401 (or, if line 401 is not checked, lines 403 and 404), 406, 407 and 408-412 (applicable part of buyer's real estate tax reportable to the IRS) is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.</p> <p>SELLER INSTRUCTION - If the real estate was your principal residence, file form 2119, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of form 4797, Form 8252 and/or Schedule D (Form 1040).</p> <p>You are required by law to provide certain information with your correct taxpayer identification number. If you do not provide Stewart Title of Illinois with your correct taxpayer identification number, you may be subject to civil or criminal penalties.</p> <p><i>Foreit Properties LLC</i></p> <p><i>Stewart Title of Illinois</i></p>																																																																																																																																																							

700.	Total sales/broker commission	based on : \$241,000.00= \$12,050.00		
	Division of commission (line 700) as follows:		Paid From	Paid From
701.	\$12,050.00	to Coldwell Banker	Borrower's Funds at Settlement	Seller's Funds at Settlement
702.				
703.	Commission paid at settlement \$12,050.00			
704.	\$1,000.00 earnest money retained by Listing Broker as POC.			12,050.00
801.	Loan origination fee	to American Home Mortgage C		
802.	Loan discount		2,410.00	
803.	Appraisal fee	to American Home Mortgage Corp.	POCB 275.00	
804.	Credit report	to American Home Mortgage Corp.	POCB 8.25	
805.	Lender's inspection fee			
806.	Mortgage insurance application fee			
807.	Assumption fee			
808.	Lender Pd Broker Fee	to American Home Mortgage Corp.	POCL 2410.00	
809.	Admin Fee	to First Franklin A Division of National City bank of In		
810.	Appraisal Review Fee	to First Franklin A Division of National City bank of In	599.00	
811.	Tax Service Fee	to First Franklin A Division of National City bank of In	290.00	
812.	Flood Cert Fee	to Fidelity National Flood	69.00	
813.	Compliance Review Fee	to First Franklin A Division of National City bank of In	23.00	
814.			15.00	
815.				
901.	Interest from	12/15/2005 to 1/1/2006 at \$64.4300/day for 17 days.	1,085.38	
902.	Mortgage insurance premium for			
903.	Hazard insurance premium for			
904.				
905.				
1001.	Hazard insurance			
1002.	Mortgage insurance			
1003.	City property taxes			
1004.	County property taxes			
1005.	Annual assessments (maint.)			
1006.				
1007.				
1008.				
1009.				
1101.	Settlement or closing fee	to Stewart Title of Illinois	435.00	
1102.	Abstract or title search			
1103.	Title examination			
1104.	Title insurance binder			
1105.	Document preparation			
1106.	Notary fees			
1107.	Attorney's fees to	Jaffe & Berlin		
	Includes above items no.:			550.00
1108.	Title insurance	to Lincoln Title Company/ Jaffe & Berlin		
	Includes above items no.:		285.00	260.00
1109.	Lender's coverage			
1110.	Owner's coverage	\$241,000.00 \$285.00		
1111.	Epe/Condo End	to Lincoln Title Company/ Jaffe & Berlin		
1112.	Update Fee	to Lincoln Title Company/ Jaffe & Berlin	230.00	
1113.	P/O Pkg Processing Fee	to Stewart Title of Illinois	96.00	
1114.	Stat Policy Fee	to Stewart Title of Illinois	15.00	15.00
1115.	E-Mail Fee	to Stewart Title of Illinois	3.00	3.00
1116.	Chain of Title	to Lincoln Title Company/ Jaffe & Berlin	25.00	
			115.00	
1201.	Recording fees/ Surcharge fees:	Deed \$36.00 Mortgage \$80.00 Release \$36.00	116.00	36.00
1202.	City/county tax/stamps:	Deed \$120.50		120.50
1203.	State tax/stamps:	Deed \$241.00		241.00
1204.	Chicago Transfer Stamps	Deed \$1807.60	1,807.50	
1205.				
1206.				
1301.	Survey			
1302.	Pest inspection			
1303.	2 Month Start Up Deposit	to Courtyard on the Park Condominium Association	363.54	
1304.	Insurance Premium	to Forest Properties LLC	19.20	
1305.	Attorney's Fees	to Marjorie Fortner	500.00	
1400.	Total settlement charges (entered on lines 103, section J and 502, section K)		8,520.62	13,265.50